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Country-specific analysis of competitiveness and resilience of organic and low input dairy farms across Europe

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Characteristics of low input (LI) and organic farms (ORG)

Reduced impact on environment	Decreased productivity
Less dependent on external input costs	Lack of economies of scale

How is the LI farm defined?

- LI farms have the 25% lowest input expenditures in a country ⇔ farms with the 25% highest expenditures are high input farms (HI)
- Which inputs? Costs for fertilizers, crop protection, purchased feed for ruminants and energy expressed as € per grazing livestock unit.
- Dataset: 2007 and 2008 (EU-FADN – DG AGRI)

Does the European LI dairy farm exist?

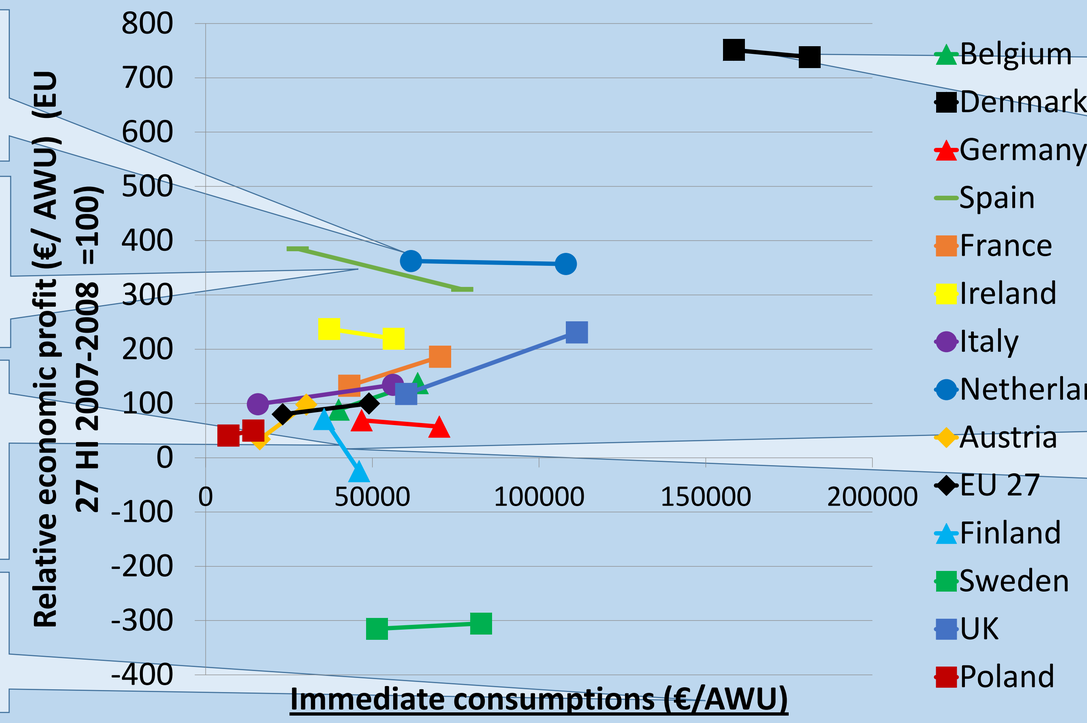
Understand the graphic

Left dot represents median profit of LI farms, right dot the median profit of HI farms

Horizontal distance between LI and HI indicates the relative difference in input expenditure

Downward slope: LI farms have higher profits than HI farms
Upward slope: HI farms perform better than LI farms

The numbers on both axes are expressed in euro per annual working unit



Some results

Some LI farms belong to another farming system while others may still belong to a similar production system. These LI farms are more efficient than HI farms

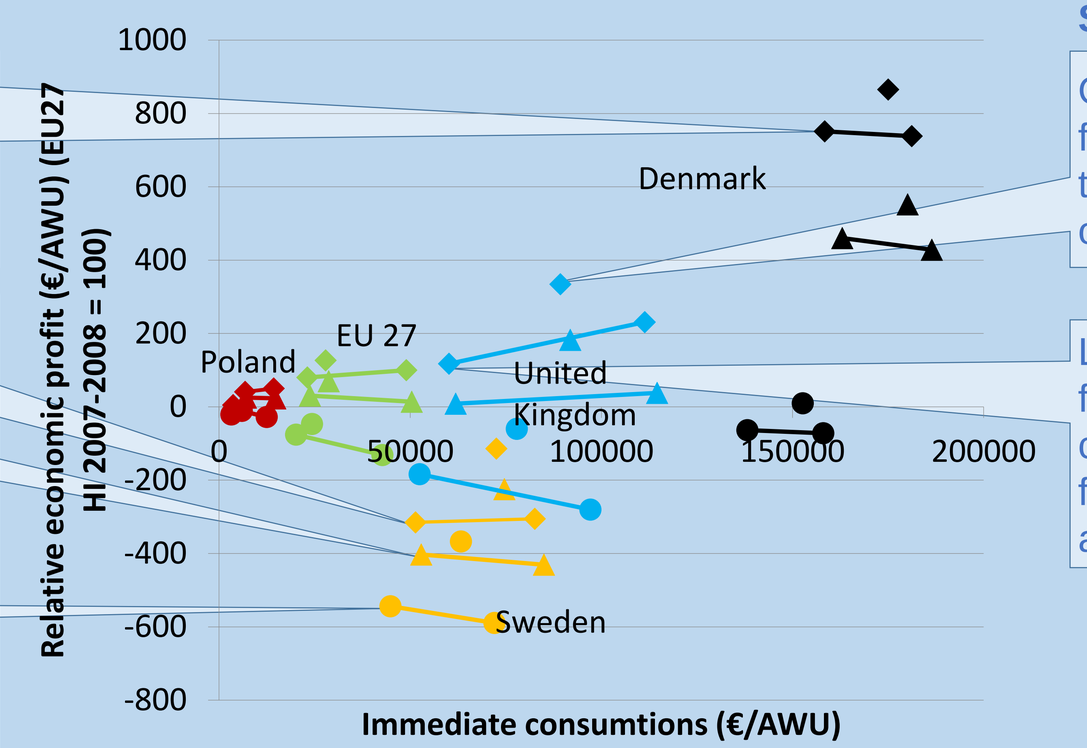
Additional inputs have resulted in lower profitability on HI farms in Finland, Spain and Ireland in comparison with LI farms

Are LI and ORG farms more resistant to milk and feed price volatility compared to HI farms?

Understand the graphic

Left dot represents median profit of LI farms, right dot of HI farms. The separate dot represents the ORG farms

◆ *Original scenario*: milk and feed prices 2007-2008
▲ *Trend scenario*: milk prices are in 2007-2012 about 5.5% lower and feed prices are about 3% higher compared to 2007-2008
● *Shock scenario*: milk prices are in 2009 about 30% lower and feed prices are about 13% lower compared to 2007-2008



Some results

ORG farms are more resilient to price fluctuations than LI and HI farms, but they also receive more support than the other farms

LI farms are more resilient to price fluctuations than HI farms. The changing slope shows how much HI farms are more affected in the trend and shock scenario

Acknowledgements

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Discussion

LI farms seem to be more resistant to price fluctuations. This becomes more important in the post quota era. This may be of particular relevance to family farms where reduced income fluctuations are as important as absolute profit.

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